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TRANSMITTAL SLIP | DATE 18 OCT 1983

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REMARKS:

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FORM NO. 241 REPLACES FORM 36-8 WHICH MAY BE USED. (47)

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DD/A Registry
83-4458

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FILE: 100-13

OLL 83-2347
30 September 1983

MEMORANDUM FOR THE RECORD

SUBJECT: House Committee on Armed Services Hearing on H.F. 2545, "The Defense Procurement Reform Act of 1983"

SUMMARY: The House Committee on Armed Services, Subcommittee on Investigations, held a hearing on H.R. 2545 on 29 September 1983. The Director, Office of Federal Procurement Policy (OFPP), testified, as did one industry association. The OFPP will probably assist the Subcommittee in redrafting the Bill (at the Subcommittee's initiative) so that, as S. 338 does, it will address both the Armed Services Procurement Act and the Federal Property and Administrative Services Act. It only addresses the former as it now is drafted. H.R. 2545 and S. 338, now on the Senate calendar, will probably go to conference, and this proposed rewrite will make them more similar than is now the case.

1. The House Committee on Armed Services, Subcommittee on Investigations, held a hearing on H.R. 2545, "The Defense Procurement Reform Act of 1983, on 29 September 1983. Attached for your information are the prepared statements of the principal speaker, the Director of the Office of Federal Procurement Policy (OFPP), and of one of the industry associations testifying, the American Electronics Association. Both speakers testified nearly verbatim. Nine of the fourteen members were present for all or a part of the morning session.

2. During the question-and-answer session following Mr. Sowles' (D/OFPP) testimony, two issues were dealt with in depth. The first concerned merging the two principal procurement statutes--the Armed Services Procurement Act (ASPA) and the Federal Property and Administrative Services Act (FPASA)--into a single statute. In responding, Mr. Sowle restated, in part, his testimony (see pages 10 and 11) that if uniformity was the legislative objective--and he opined that it should be--then the two should be merged (optimally) or at least modified to provide the same

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requirements so that the private sector would have an easier time dealing with the Federal government. He noted that S. 338, "The Competition in Contracting Act of 1983," as reported out by both the Government Affairs and Armed Services Committees of the Senate, amends both the ASPA and the FPASA.

3. The second issue dealt with was the H.R. 2545 threshold for application. Mr. Sowle made the point repeatedly that he favored a $100,000 threshold for contractor certification purposes while retaining the $500,000 threshold for pre-award audit purposes. He drew a clear distinction between a contractor certifying the currency, accuracy, and completeness of its cost data and the government performing a pre-award audit of same. The Congressmen had difficulty understanding this distinction and Mr. Sowle finally opined that he "wouldn't spill any blood" over the issue if, in the final analysis, it became a contentious one.

4. In closing, the Subcommittee Chairman asked if Mr. Sowle and his staff would be willing to work with the Subcommittee staff in redrafting portions of Sections 4 and 5 of H.R. 2545. Mr. Sowle expressed a complete willingness to do so.

5. In passing, I should make two notes. During a give-and-take between Mr. Sowle and Mr. Abraham Kazen, Jr. (D., TX) it became evident that one large impediment to ever merging the ASPA and FPASA statutes into one is the Congressional jurisdiction issue, at least in the House, between the Committee on Armed Services (ASPA statute) and the Committee on Government Operations (FPASA statute). The second note is that H.R. 2545 will probably be rewritten and OFPP may well play a key role in doing so.

6. The Office of Legislative Liaison will continue to follow this issue and report as appropriate.

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[redacted]
Liaison Division
Office of Legislative Liaison

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Attachments
As stated

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